

ESG Call on Sustainability Audio Conference

Mr. Ulhas Yargop

■ 24th February 2015

Mahindra & Mahindra Ltd.

Contents

- Sustainability at Mahindra
- Why Sustainability?
- Sustainability Journey
- Sustainability Performance
- Sustainability at Group Companies

Tone from the Top....

“... for Mahindra, ‘Sustainable Development’ is a newly articulated ancient wisdom...”

...We are committed to the cause of our people, our country and our planet. We will continue to live by the ethos and principles of responsible business practices and look upon all our stakeholders to support us in this endeavour”

- Keshub Mahindra

(Chairman Emeritus, Mahindra & Mahindra Ltd.)



Mahindra Group Aspiration:

“By 2021, Mahindra will be one of the top 50 most admired global brands, by enabling people everywhere to Rise”

About Mahindra Group

Business Verticals

								
AUTOMOTIVE & FARM	PARTNER DIVISION	SYSTEMS & TECHNOLOGIES	INFORMATION TECHNOLOGY	LEISURE & HOSPITALITY	REAL ESTATE	FINANCIAL SERVICES	TWO WHEELERS	AFTER MARKET

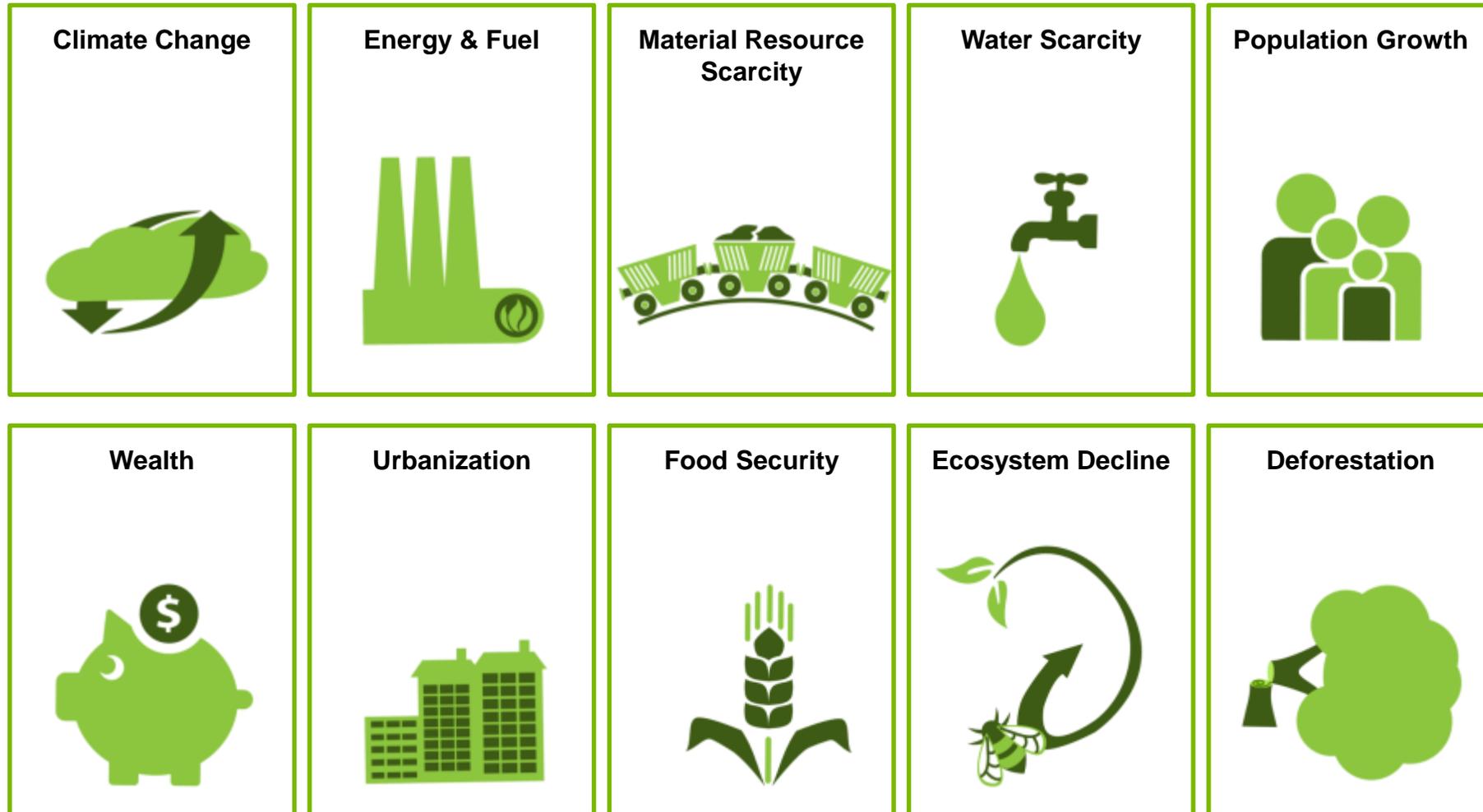
- A USD 16.5billion Multinational Group in business for over 69 years
- Employs over 200,000 people
- Presence in over 100 countries and 18 key industries
- In 2014, Mahindra featured on the Forbes Global 2000

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Why Sustainability ?

To address the radical and frequent changes in the externalities of Business environment



Business Case for Sustainability



Regulation

RISKS

- Readiness for emerging regulation
- Non-Compliance
- Directors' Liability

OPPORTUNITIES

- Tax Incentives
- R & D Subsidies
- Climate Change Stimulus Funding



Investors/Stock Markets

RISKS

- Non- Financial Disclosure Expectations
- Fall in Investor ratings

OPPORTUNITIES

- Sustained Stock Prices
- Better deals for Funding/ M&A negotiations
- Better Brand Perception



Customers/Society

RISKS

- Preference for Greener products
- Black-listing by B2B Customers
- Social conflicts

OPPORTUNITIES

- Entry in new Markets/Segments
- Social License to Operate
- Better Brand image.



Sourcing & Supply chain

RISKS

- Availability of Raw Materials resources
- Volatile Energy prices
- Non-Compliance
- Disruption in Production
- Capability deficit

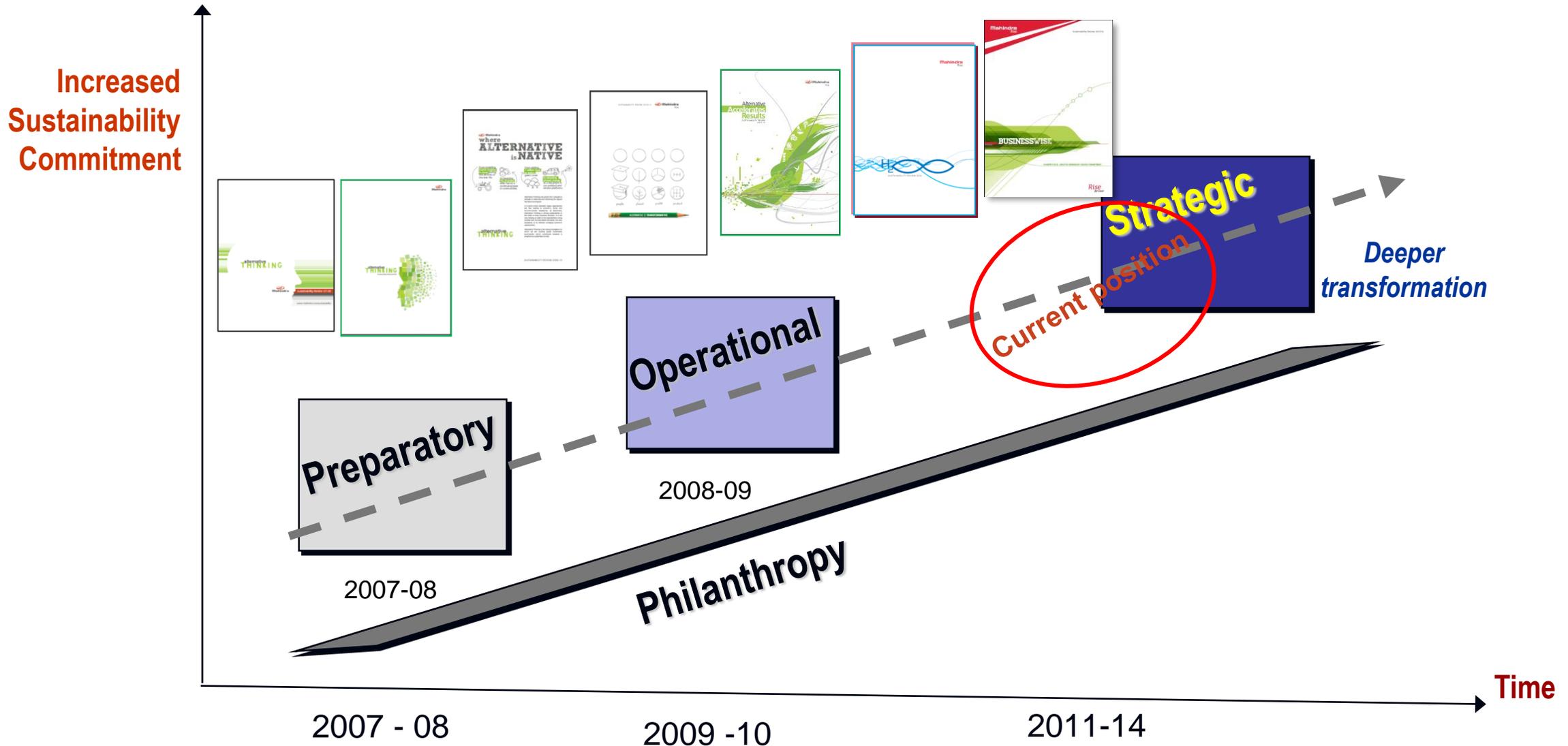
OPPORTUNITIES

- Co-creation / Innovation
- Sustained Supply of Product/Services

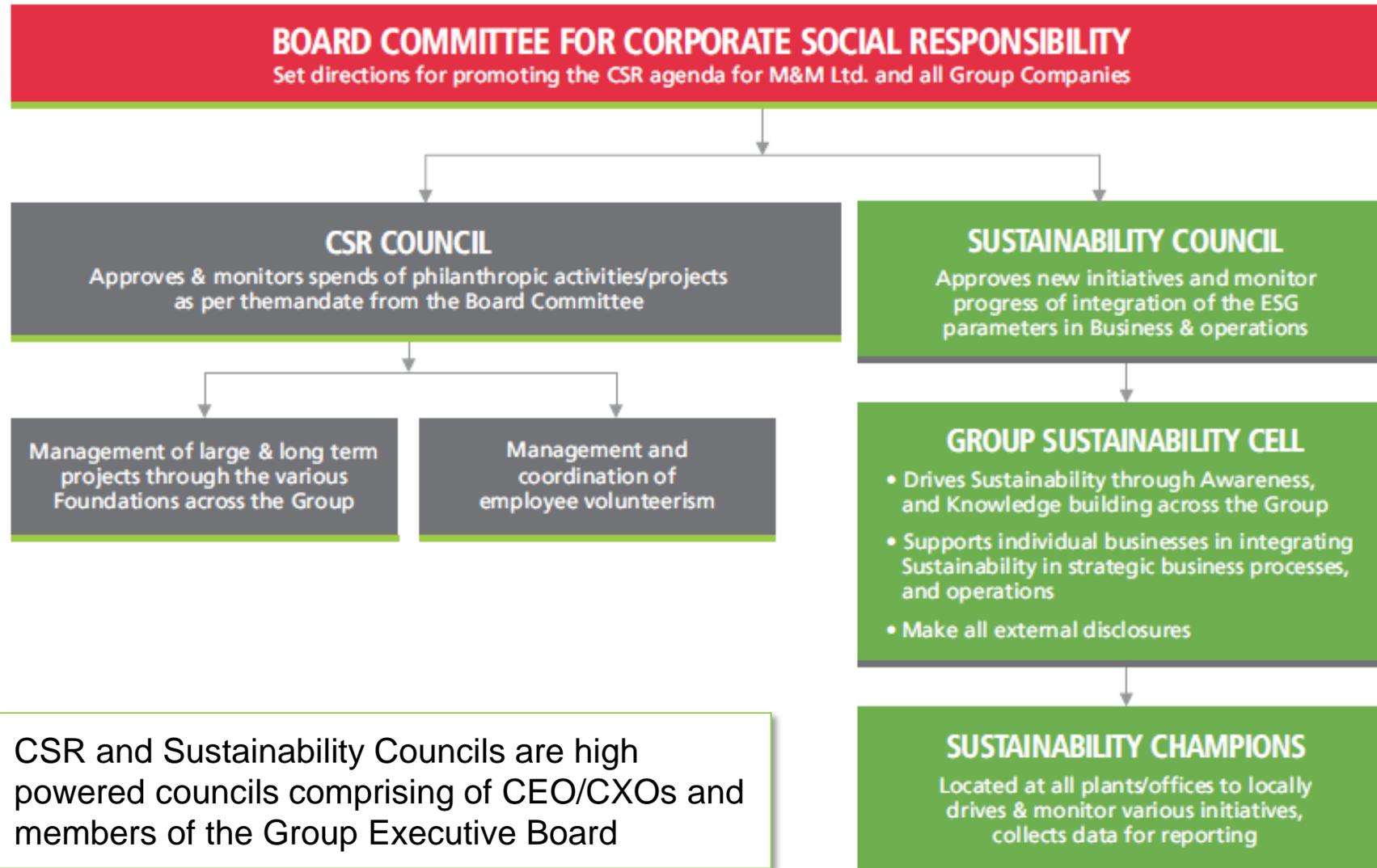
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Sustainability Journey – at a glance



Governance Structure for Sustainability



Sustainability Milestones (Preparatory Phase)

Alternative Thinking 2007-08

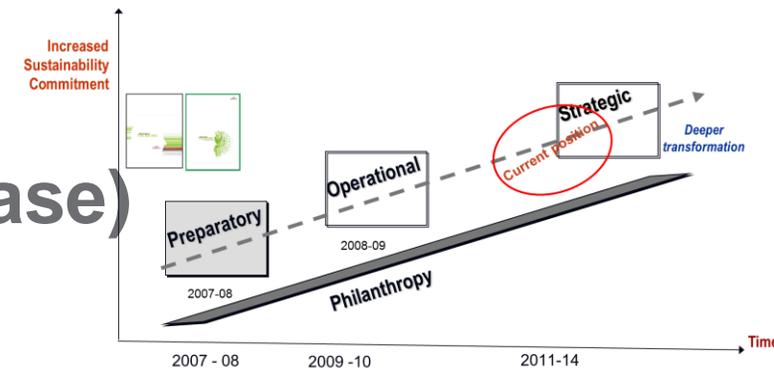


- Branding the initiative “Alternative Thinking”
- Governance structure
- Awareness and Capacity Building programs across the Group.
- Articulated 4 Commitments
 - 100% awareness amongst all employees
 - Enhance depth and breadth of sustainability monitoring
 - Create Sustainability Roadmap for 3 to 5 years
 - Set a target for reduction of non-renewable energy use
- 1st Group level Sustainability Report, (A+ level) as per GRI framework.

Alternative Thinking in action 2008-09



- Fulfillment of 4 commitments of 2007-08
- More businesses added in the scope of reporting
- Signed Mission on Sustainable Growth with CII-GBC
- Participated in external disclosure – CDP on Carbon Emissions



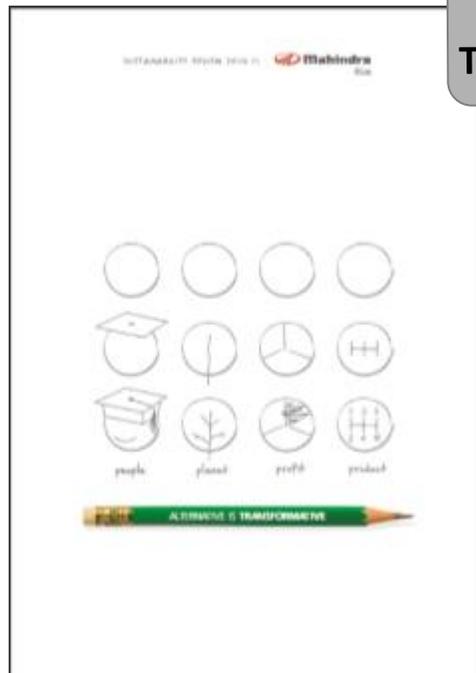
Sustainability Milestones (Operational Phase)

Where Alternative is Native 2009-10

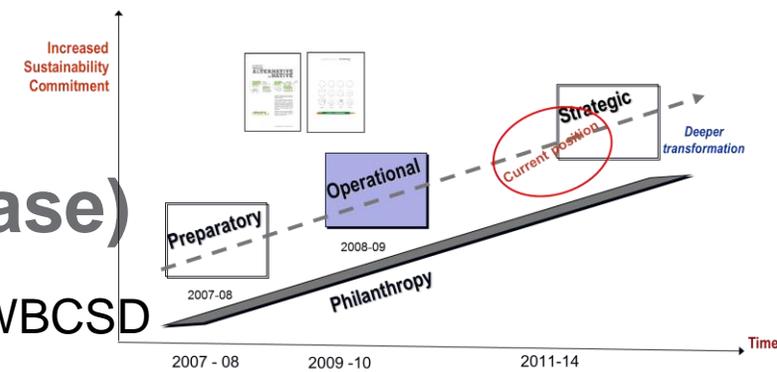


- Inventorization of GHG Emissions using WRI/WBCSD Protocol
- Reporting on GHG Scope 3 emissions
- M&M Ltd. received Best Governed Company 2009 Award from Indian Chamber of Commerce
- Micro-hybrid technology introduced in the LCV Segment
- State-of-the-art green manufacturing plant MVML- Chakan

Alternative is Transformative 2010-11



- Alternative Thinking becomes one of the 3 pillars of Mahindra Rise
- Mahindra features in Forbes Asia's Fab 50 list and Forbes Global 2000 list
- Mahindra Samriddhi India Agri Awards to recognize exemplary farm professionals
- Launch of 15 HP Yuvraj tractor for small & marginal farmers



Sustainability Milestones (moving towards strategic Phase)

Alternative Accelerates Results 2011-12

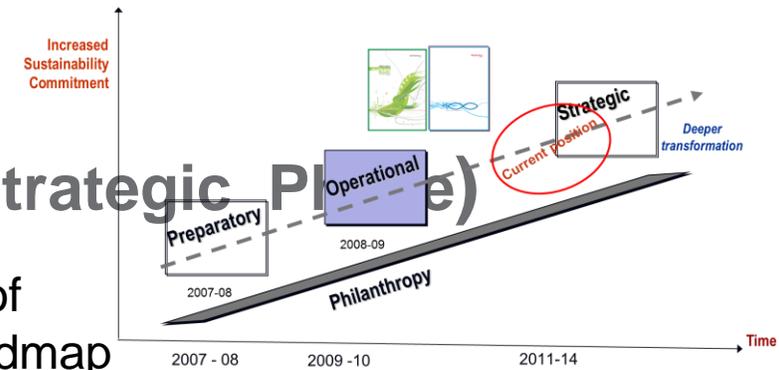


- Surpassed 5 year goals in 3 years in majority of commitments from Phase 1 Sustainability Roadmap
- Water Foot printing study and identification of water conservation projects
- Asian Sustainability Rating (Financial Analyst – Singapore) rated M&M No.2 out of 100 Indian Companies
- 1st DJSI disclosure (scored higher than Industry average)

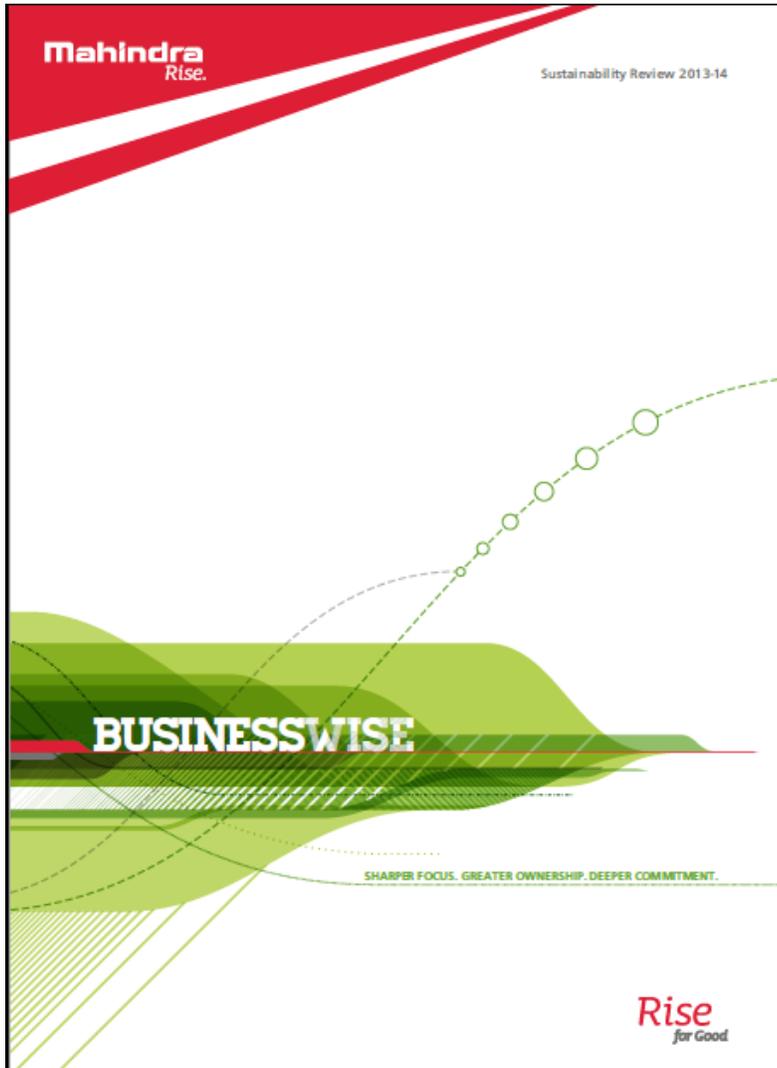
H₂O to H₂Infinity 2012-13



- Consolidated all water conservation initiatives.
- Created a holistic Water Management Strategy
- Listing on the DJSI Emerging Market Index
- Featured in top 10 in Carbon Disclosure Leadership Index (CDLI)
- Mahindra ranked 10th in TLG Thought Leadership Index
- Mahindra featured in Forbes Global 2000 list



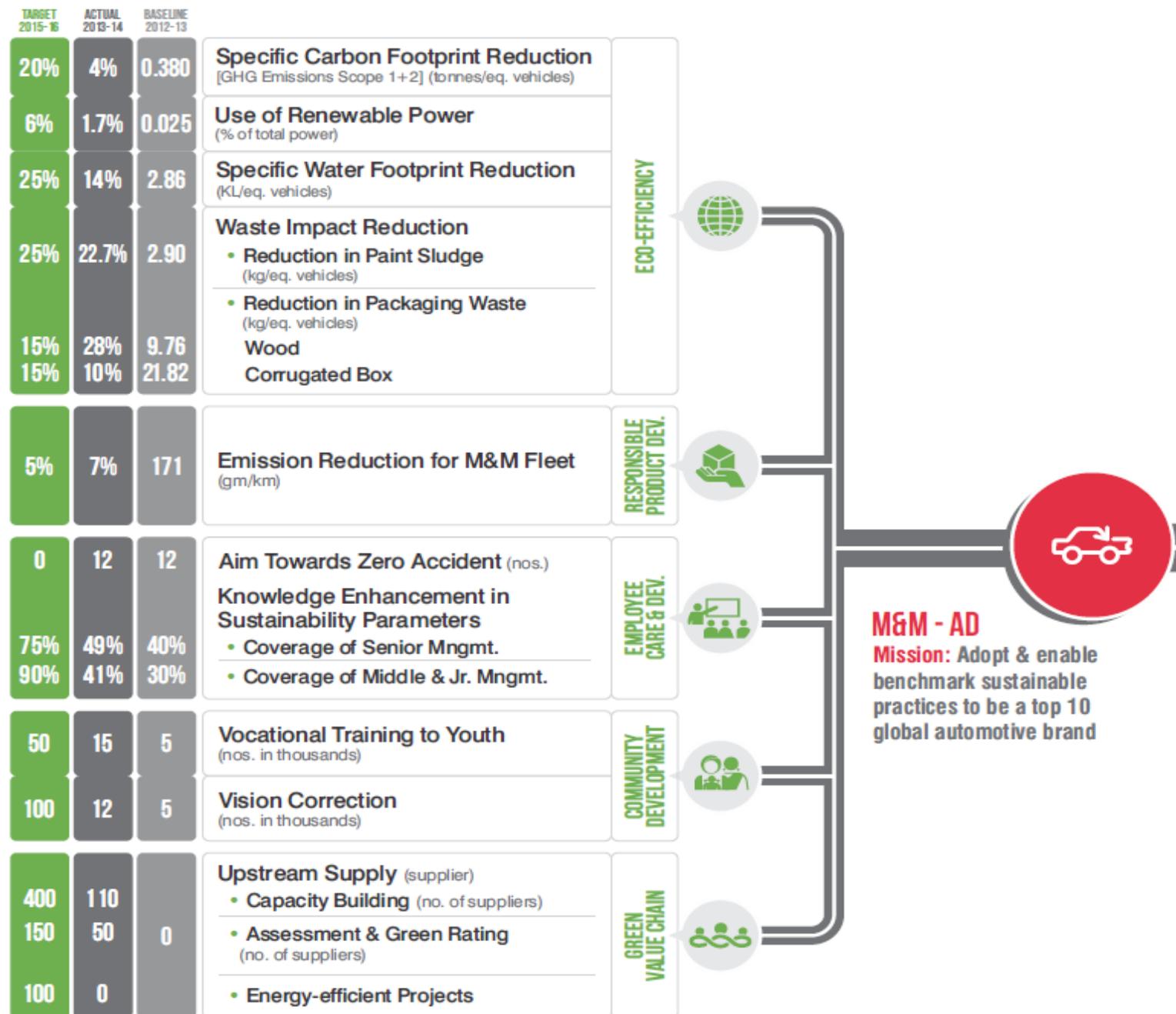
Sustainability Milestones 2014 – Raising the Bar.



- Embarked on Sustainability Version 2.0 with an aim to create a tighter fit between Sustainability and Our Businesses
- Identification and prioritization of Key Materiality Issues and Stakeholders of each business
- Created individual business-wise roadmaps aligned to emerging scenarios and stakeholder expectations from respective businesses/sectors.
- Retained the position on DJSI – Emerging Market Index with improvement in scores
- Retained the CDLI top 10 position
- Featured as one of India's top ten best brands in the first edition of the 'BEST INDIAN BRANDS' study by Interbrand and Economic Times

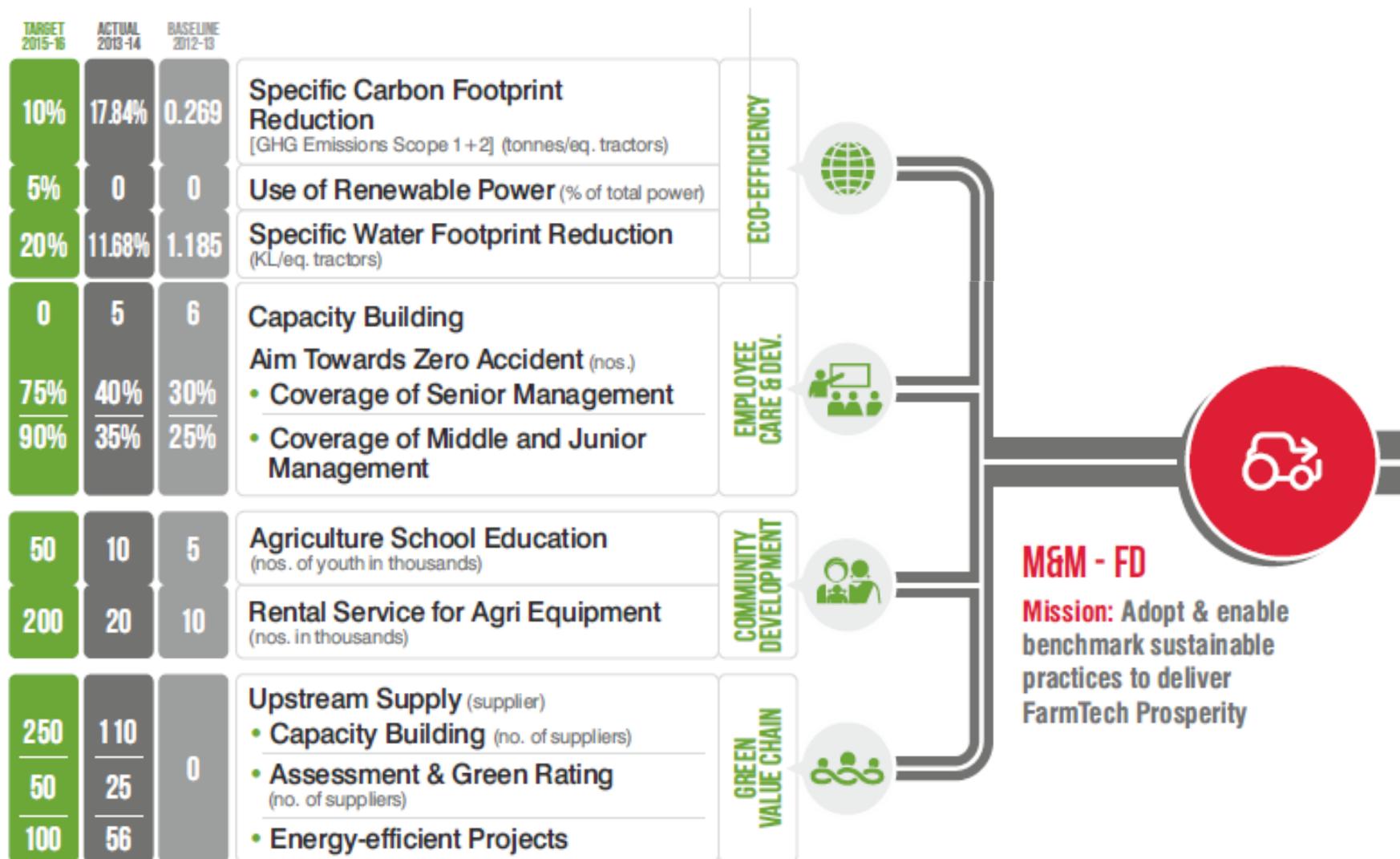
Road Map 2016

- Auto sector



Road map 2016

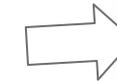
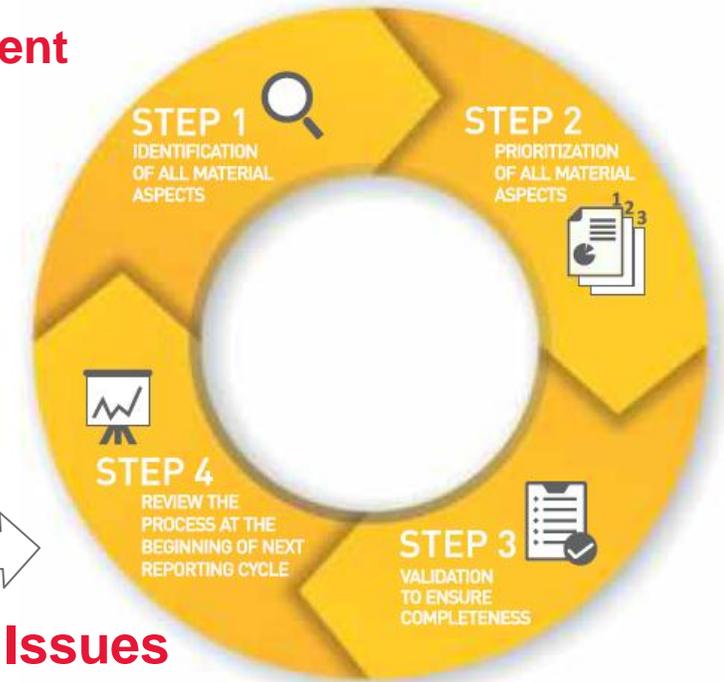
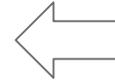
- Farm Sector



Prioritizing Material Issues

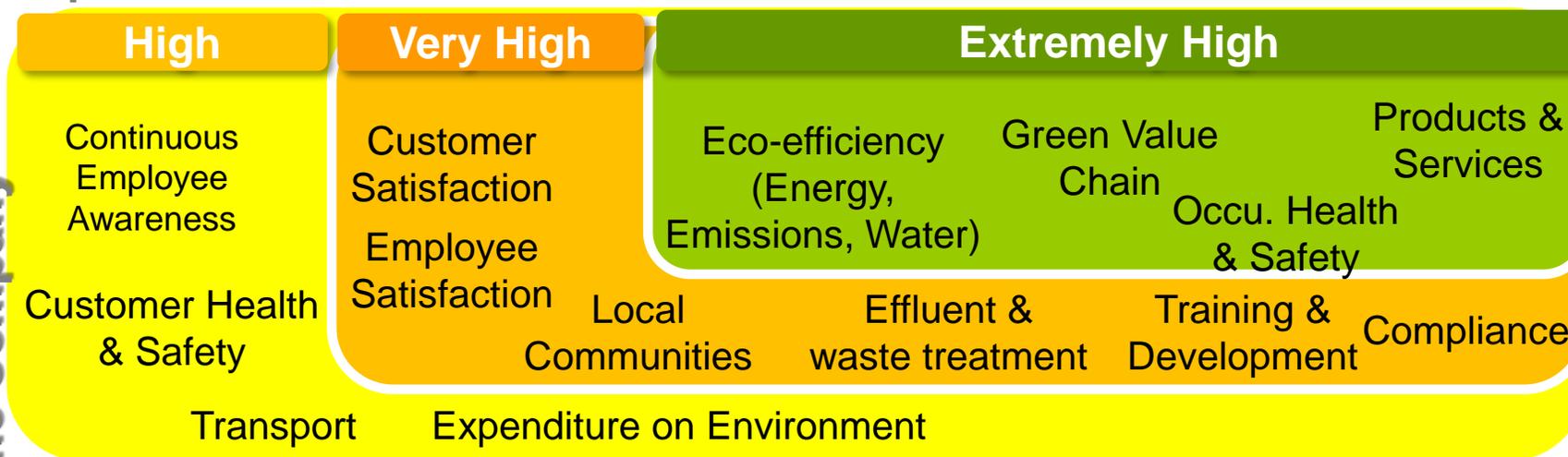
Stakeholder Group	Engagement Channels
Employees	Conferences & workshops, publications, newsletters & reports, online portals, feedback surveys and one-to-one interactions
Customers	Interview, personal visit, publications, media & communications, feedback camps, plant visit and support programmes
Suppliers & Dealers	Supplier & vendor meets, workshops & training, audits, policies, IT-enabled information sharing tools and recognition platforms
Investors	Annual report, sustainability report, press releases, investor presentations, corporate website, quarterly and annual results

1. Stakeholder engagement



2. Identifying Material Issues

Importance for the Stakeholders



3. Prioritizing Material Issues

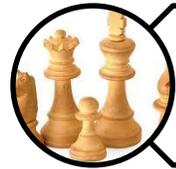


High V. High
Extremely High

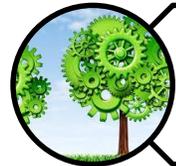
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Sustainability Performance



“Sustainability’ integration in Strategy



Environmental Sustainability



Supply Chain Sustainability



Product Responsibility



Social Responsibility

Integration of 'Sustainability' in Strategy

Where we are ...

- Sustainability parameters are now:
 - Part of the annual goal setting process.
 - Integrated in the BSC
 - Sustainability is a key Leadership competency for talent management and career progression.
- Overall responsibility of the Sustainability function with a senior executive to leverage our performance better.
- Most Plant and Function Heads now see sustainability as a Business imperative.



Environmental Sustainability

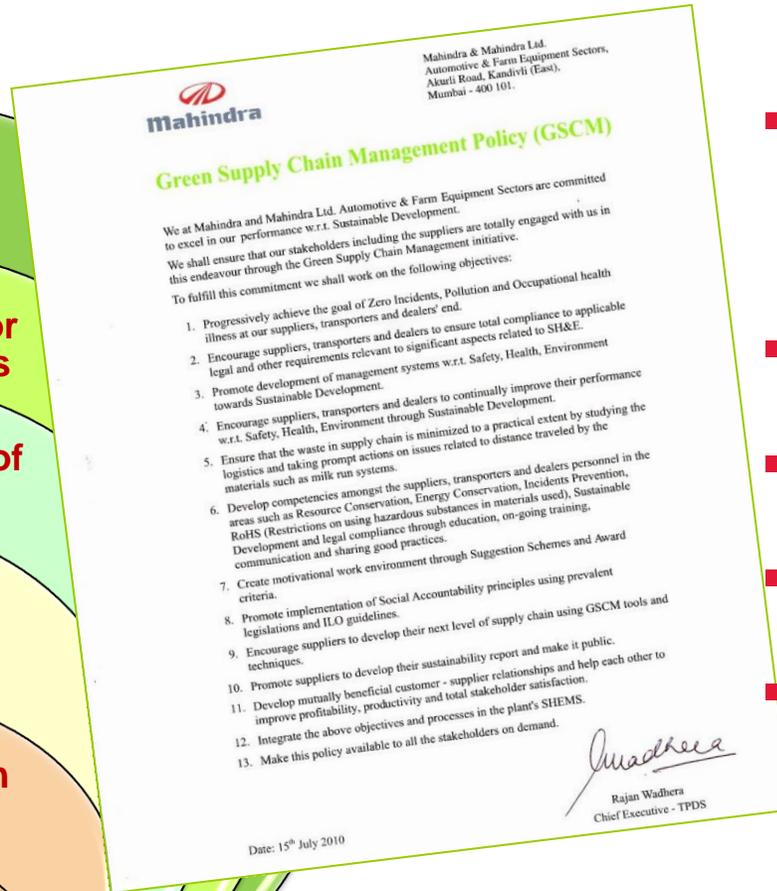
Where we are ...



- Reduced specific consumption in 2012-13 over 2008-09
 - Energy by 21.36%
 - Water by 28.17%
 - GHG emissions 22.20%
- Involvement in India GHG Program by World Resource Institute.
- India Water Tool by WBCSD.
- Voluntary disclosures on CDP and DJSI besides GRI reporting.
- Water self-sufficiency - Pilots started in 2 plants (5 across the Group).

Supply Chain Sustainability

Where we are ...

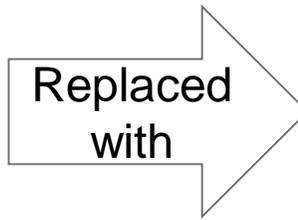


- Green Supply Chain Management Policy effective since 2010.
- Continuous training and awareness programs.
- Co-creation in New Product Development .
- Sustainability parameters in audit check list
- 1st batch of suppliers trained for publishing their own sustainability reports

Supply Chain Sustainability

F-14: Packaging improvement projects completed 310 against target no. of projects 258

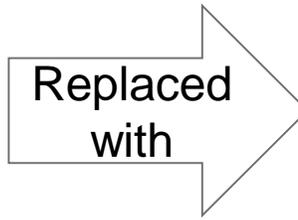
- Polythene bags and corrugated boxes



- Returnable plastic containers



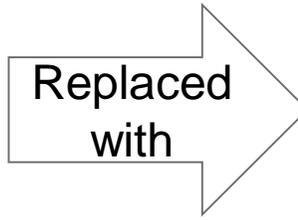
- Wooden and corrugated boxes



- Recyclable packing



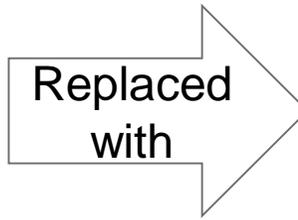
- Cartons



- Recyclable boxes



- Loose parts delivered on Wooden pallets.



- Dedicated trolley – for feeding parts on assembly line



Product Responsibility

Where we are

- Continuous R&D on fuel efficiency, weight optimization, alternate propulsion technologies, alternate fuels etc.
- Products created for the lower segment
- Focus on Farm tech prosperity in Farm Division.
- Readiness on 'End of Life (EOL)' responsibility.
- Life Cycle Assessment (LCA) demo project kicked off on BMT (Bolero Maxi-Truck) platform

ENABLING
FARM-TECH
PROSPERITY



EXPLORING
ALTERNATIVE FUEL
TECHNOLOGIES



New Scorpio

- Fuel Efficiency Enhanced by 5%

CO2 reduced by 3.4% per Km

Arjun Nova

- Fuel Efficiency improved by 20%

Use of Alternate Eco-friendly Material

NAME OF THE PROJECT

MATERIAL USED EARLIER

BENEFITS

Bamboo Based Composite for Head Lamp Cover



- PP+25~30% Talc

- Green sustainable technology
- Weight savings by 11%

Recyclable PET for Maxximo Canopy Strip



- Nylon 6+30% glass filled

- Green sustainable technology
- Savings: INR 50 / vehicle

Devulcanised Rubber for Auto Parts



- Natural rubber

- Savings: INR 2.6 million/year (Scorpio / Xylo)
- Zero percent investment
- Savings: 40% in raw material cost
- No process hurdles
- More than 5,000 tyres can be recycled per year

Use of Alternate Eco-friendly Material/Technology

NAME OF THE PROJECT

MATERIAL USED EARLIER

BENEFITS

First Pillar Trim in M&M with 18% Bio-content (PP - Starch)



- 20% Talc filled PP-Concept prove out

- Green sustainable product

Green Paint Technology (OXSILAN)



- Pre-treatment with phosphating

- 20% shorter process
- 40% less energy consumption
- 20% less water consumption

Use of Alternate Material to reduce weight (resulting in Fuel Economy and in turn reducing Carbon Footprint)

NAME OF THE PROJECT

MATERIAL USED EARLIER

BENEFITS

Use of HSS Steel - HSLA / Dual Phase (XUV500)



- Conventional steel (EDD / D)

- Weight savings approx. 25 - 30%
- Better fuel efficiency
- Less CO₂ emission

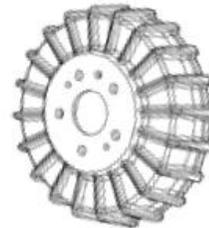
Aluminium Hydro formed Ski-rack



- Steel - hydro formed

- Weight savings: 40 %
- Less CO₂ emission

Aluminium MMC Brake Drum



- Cast Iron

- Weight savings: > 50%
- Better fuel efficiency
- Less CO₂ emission

Aluminium Hood



- Steel (IF / EDD / SPRC35)

- Weight savings: 40%
- Better fuel efficiency
- Less CO₂ emission

Social Responsibility

Where we are ...

- Since 1995 Mahindra has pledged 1% of PAT to drive positive change in the areas of education, environment and healthcare.
- Structured process for disbursal
 - 0.5% through the Foundations
 - 0.5% for projects undertaken under the volunteering program.
- The employee volunteerism is very popular with dealers and suppliers as well.
- Social Impact assessment process has been integrated.
- Received the Global CSR Excellence & Leadership Award 2014 from ABP News

Esops
Employee social options



Mahindra's Pledge for a better society

We will -

- **Contribute 1% PAT**
- **Adopt 6000 Nanhi Kalis**
- **Support 6 government schools**
- **Provide 600 scholarships for the economically disadvantaged**
- **Set up 2 Mahindra Pride schools for weaker sections of society**
- **Donate 60 cochlear implants for the hearing impaired**

To volunteer for Employee Social Options (ESOPS) register at esops@mahindra.com.

6 YEARS OF LEADERSHIP



Nanhi Kali



LIFELINE EXPRESS



Mahindra Hariyali

Social Responsibility

OUR FOCUS AREAS



Education



Health



Environment

OUR CHANGE AGENTS



CSR Council



CSR Department



Esops

13,199 new Nanhi Kalis were adopted.



TOTAL TALLY: 91,537

Out of these, Mahindra Group has supported 36,248 Nanhi Kalis while the other contributors are both corporate donors and individuals.

550 students were awarded the Mahindra All India Talent Scholarship (MAITS).



TOTAL TALLY: 6,904

2,614 people benefited from the medical camps conducted through the Lifeline Express programme.



TOTAL TALLY: 17,382

45 students have been awarded the K. C. Mahindra Scholarship for Post Graduate Studies.



TOTAL TALLY: 1,115

1.49 million trees were planted under the Mahindra Hariyali Project.

TOTAL TALLY: 7.73 MILLION



16,905 students across India have been awarded scholarships and education grants.



TOTAL TALLY: 112,427

2,233 underprivileged students were provided livelihood training in Mahindra Pride Schools.



TOTAL TALLY: 8,677

Integrated Watershed Development Project

Damoh district of Madhya Pradesh – Rajiv Gandhi Mission for Watershed Management (PPP Project)



- Objective: to increase the per capita income of the region by at least two folds
- Impacting 20,000 people across 32 villages
- Total 31 Check dams constructed (23 in F14)
- Total 35 ponds and tanks built (18 in F 14)
- Total 286.70 Hectares land brought under cultivation (234 hectares in F14)
- Total 4337+ structures like stone outlets, gully plugs, gabion etc. completed (3237+ in F14)
- Total 1486.65 million litres storage capacity developed (1036.65 Mn Litres in F14)
- Total 300 Kms of trenches and bunds built (292 Kms in F14)
- Total 36,000 saplings of forestry & horticulture species planted till date.

Ratings & Recognitions 2014

- **Mahindra and Mahindra Limited makes it to India's Best Boards in survey by the Economic Times-Hay Group**
- **Dow Jones Sustainability Index (DJSI):**
M&M Ltd. and Mahindra Finance retained their position on DJSI 2014, under Emerging Market Index with improvement in percentile scores
- **Carbon Disclosure Leadership Index (CDLI):**
M&M Ltd. retained the place amongst the Top 10 Carbon Disclosure Leadership Index consecutively since 2011-12
- **World's first Corporate Sustainability Label 2012 by CII :**
Sustainable Plus CII has awarded the first of its kind Brand labeling "Sustainable Plus" in the gold category in transport equipment sector
- **Mahindra is 3rd in the list of Top 100 companies in India** for Sustainability and CSR presented by Economic Times Corporate Dossier, in league with Futurescape and IIM Udaipur.
- **Sustainalytics - Channel NewsAsia Sustainability Ranking:** Mahindra and Mahindra has been ranked 33 in the Channel NewsAsia Sustainability Ranking. The ranking is the first of its kind in Asia.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Sustainable Development Leadership Award



Mr. Anand Mahindra was honoured by TERI with the 'Sustainable Development Leadership Award' at the Delhi Sustainable Development Summit 2014

Collaboration is the Way forward ...



CII-ITC Centre of Excellence
for Sustainable Development



WORLD
RESOURCES
INSTITUTE



INDIA
GHG
PROGRAM
Promoting profitable, sustainable
and competitive businesses.



wbcscd



India
ater
tool



BCSD
Business Council for
Sustainable Development



United Nations Global Compact

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Glimpses of sustainability performance in other Group Companies.



- All residential projects are pre-certified by the Indian Green Building Council (IGBC).
- Mahindra World City, Jaipur, has been identified as part of 16 projects globally supported by the Clinton Climate Initiative (CCI)
- MWC-Chennai is 1st Gold certified Township in the country as per IGBC Green Township Rating system
- Life Cycle Assessment and Living Building Assessment conducted for one residential building each
- Special award in recognition of contribution to the green building mission at CII's GreenCo Summit 2013
- Conducted Social Return on Investment (SROI) for World City Chennai CSR projects
- Affordable housing projects initiated to provide quality housing to a wider cross-section of people



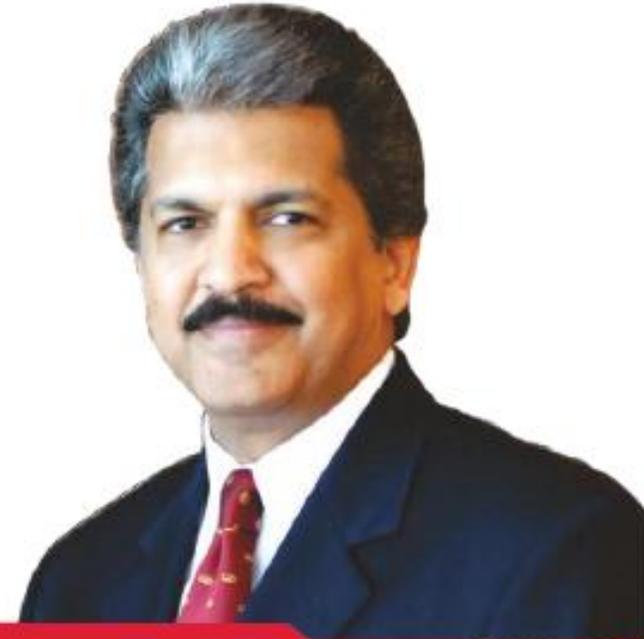
- 1st Indian company from the banking and financial services sector to be selected in Dow Jones Sustainability Indices (DJSI) under the Emerging Markets Index
- Qualified for inclusion in 2015 Sustainability Yearbook by RobecoSAM
- Posted maximum improvement in CDP Scores and made it to the CDLI list
- Initiated Social Return on Investment (SROI) exercise for CSR Projects



- Tech Mahindra was ranked 2nd at Carbon Disclosure Project listing.
- Tech Mahindra won 'Golden Peacock Award for Excellence in Corporate Governance' for 2014
- For Chennai SEZ campus Tech Mahindra successfully commissioned 264 kW solar plant.
- Tech Mahindra featured in the Global Services 100 - 2013 List, a set of companies that define leadership in the global services business

- First steel company in India to join the India GHG Programme, by the World Resources Institute (WRI)
- Featured in Self-selected Companies (SSCs) Category, Carbon Disclosure Project, 2014
- Sustainability SWOT assessment based on the framework devised by WRI
- Member of the Green Power Market Development Group (GPMDG), India
- e-LCA (Life Cycle Assessment) for 23 products
- Human Rights Due Diligence in the Supply Chain.
- Sustainability Initiatives extended to 79 Tier-1 suppliers
- Certified for EnMS ISO 50001 (Energy Management System) received Excellence Award from SKF India
- Eco-friendly Oxyfuel used in operations resulted in 50% less SPM and 94% less SOx

We believe that when it comes to sustainability, 'incrementalism' is too slow. Now is the time to embrace transformation fully and strategically at a Group level. While small steps count, big leaps are the order of the day and many of our businesses have tried to do this.



- Anand Mahindra

**Chairman and Managing Director
Mahindra & Mahindra Ltd.**

mahindra

Rise.